

Message Text

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TO AMEMBASSY TOKYO PRIORITY

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SUBJECT: US-JAPAN CIVIL AIR NEGOTIATIONS

1. WE GAVE JAPANESE EMBASSY (FUKADA AND HAYAKAWA) FOLLOW-
ING PAPER APRIL 20 CONTAINING COMPREHENSIVE US PROPOSALS
TO RESOLVE IMMEDIATE ISSUES:

QUOTE. THE FOLLOWING PROPOSAL ADDRESSES THE IMMEDIATE
ISSUES OF SAIPAN SERVICE, SLOTS FOR US SUPPLEMENTAL AIR-
LINES, PAN AM CAPACITY CHANGES EFFECTIVE APRIL 24, AND
OTHER QUESTIONS WHICH MAY BE IMPEDING EARLY INITIATION OF,
AND PROGRESS IN, REVISION TALKS. THE PROPOSAL IS COMPRE-
HENSIVE IN NATURE SINCE CERTAIN ASPECTS ARE CONTINGENT ON
OTHER ASPECTS.

SAIPAN SERVICE.
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1. AIR MICRONESIA WOULD BEGIN SERVICE BETWEEN SAIPAN AND
TOKYO ON OR AFTER JUNE 1, 1977, USING B-727-100 AIRCRAFT.
THE INITIAL LEVEL OF FREQUENCIES WOULD BE FOUR ROUNDTRIP
FLIGHTS PER WEEK THROUGH SEPTEMBER 30, 1977, WHEN THE LEVEL
OF FREQUENCIES WOULD INCREASE TO SEVEN ROUNDTRIP FLIGHTS
PER WEEK. IT IS ASSUMED THAT, BEFORE THE TWO GOVERNMENTS

CONSUMMATE THEIR AGREEMENT, JAL WILL ADVISE AIR MICRONESIA

IN WRITING THAT IT WILL NOT OBJECT TO AIR MICRONESIA'S PROPOSED OPERATIONS AND EQUIPMENT AS INDICATED ABOVE, AND WILL ALSO STATE ITS PLANS FOR OPERATIONS TO SAIPAN. IT IS ALSO ASSUMED THAT AIR MICRONESIA WILL RESPOND CONFIRMING ITS INTENTIONS AND ACKNOWLEDGING JAL'S INTENTIONS.

2. JAPAN WOULD ASSURE THAT FOUR HANEDA SLOTS PER WEEK WOULD BE MADE AVAILABLE FOR AIR MICRONESIA (FOR TWO FLIGHTS) FROM SLOTS NOT REGULARLY USED BY US AIRLINES. THE ADDITIONAL FOUR SLOTS NEEDED TO OPERATE TWO MORE FLIGHTS UNTIL OCTOBER 1 AND THE FURTHER SIX SLOTS NEEDED TO OPERATE THREE MORE FLIGHTS EFFECTIVE OCTOBER 1 (FOR A TOTAL OF SEVEN) WOULD BE OBTAINED BY MAKING AVAILABLE TO AIR MICRONESIA SLOTS NOW USED BY OTHER US AIRLINES AS INDICATED BELOW.

3. JAL MAY OPERATE THE SAME OR A LESSER NUMBER OF TOKYO-SAIPAN FLIGHTS AS AIR MICRONESIA, EVEN THOUGH THE AIRCRAFT JAL WOULD PRESUMABLY USE WOULD OFFER TWICE THE NUMBER OF SEATS. JAL WOULD NOT OPERATE SERVICE TO SAIPAN FROM OTHER POINTS IN JAPAN AS LONG AS AIR MICRONESIA DOES NOT OPERATE OSAKA-SAIPAN SERVICE.

4. JAPANESE ROUTE 4 WOULD BE AMENDED TO READ "FROM JAPAN TO SAIPAN AND GUAM." PROVIDED APPROPRIATE APPLICATION IS MADE BY JAL, THE CAB WOULD USE ITS BEST EFFORTS TO ISSUE THE NECESSARY AMENDMENT TO JAL'S PERMIT ON AN EXPEDITED LIMITED OFFICIAL USE

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BASIS.

5. NEITHER US NOR JAPANESE AIRLINES COULD OPERATE JAPAN-SAIPAN/MICRONESIA CHARTERS WITHOUT APPROVAL OF THE AERONAUTICAL AUTHORITIES OF THE OTHER COUNTRY. JAL WOULD NOT OPERATE CHARTERS TO GUAM CARRYING CHARTER PASSENGERS DESTINED FOR SAIPAN.

6. THE US WOULD AGREE TO CONSIDER JAPANESE RIGHTS BEYOND SAIPAN TO MICRONESIA AND TO REVIEW THE SAIPAN ISSUE IN THE REVISION TALKS.

PAN AM CAPACITY CHANGES

THE SCHEDULES FILED ON BEHALF OF PAN AMERICAN FOR EFFECTIVENESS APRIL 24 ARE SUPPORTED BY SUBSTANTIAL ADVANCE BOOKINGS AND INDUSTRY PRACTICE IN THE JAPANESE MARKET. HOWEVER, IF THE JAPANESE GOVERNMENT COULD FIND IT POSSIBLE TO ALLOCATE SIX ADDITIONAL SLOTS A WEEK FOR PAN AMERICAN

AT OSAKA, IT WOULD THEN BE POSSIBLE FOR THE US GOVERNMENT
TO WITHDRAW PAN AMERICAN'S PROPOSED INCREASES OF FIVE
TOKYO-GUAM FLIGHTS, SEVEN TOKYO-HONOLULU FLIGHTS AND THREE

OSAKA-GUAM FLIGHTS EFFECTIVE MAY 10, OR AS SOON THEREAFTER
AS THE ADDITIONAL SLOTS AT OSAKA CAN BE MADE AVAILABLE.
IF THE TWO GOVERNMENTS CAN TAKE THESE ACTIONS, ENOUGH
SLOTS WOULD BECOME AVAILABLE AT TOKYO TO ACCOMMODATE AIR
MICRONESIA AND PERHAPS PROVIDE SOME INTERIM RELIEF ON
SLOTS FOR FLIGHTS BY US SUPPLEMENTAL AIRLINES WITHIN THE
QUOTA AUTHORIZED BY JAPAN. THE MEANS WOULD BE PROVIDED
FOR RESOLVING THE IMMEDIATE ISSUES WHICH IMPEDE SUBSTAN-
TIVE CONSIDERATION OF REVISIONS TO THE BASIC CIVIL AIR
TRANSPORT AGREEMENT.

PAN AMERICAN WOULD UTILIZE THE SIX ADDITIONAL SLOTS AT
OSAKA TO OPERATE A NEW DAILY OSAKA-HONOLULU SERVICE WITH
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707 AIRCRAFT IN CONNECTION WITH PAN AMERICAN'S CURRENT
DAILY TOKYO-OSAKA FLIGHTS. THESE FLIGHTS WOULD BE SUP-
PORTED BY SUBSTANTIAL ADVANCE BOOKINGS AND REROUTING OF
TRAFFIC INTO A MORE EFFICIENT ROUTE SYSTEM. THE WITHDRAWAL
OF THE INCREASES AT TOKYO, TOGETHER WITH THE REDUCTIONS
PREVIOUSLY SUBMITTED, WOULD MAKE AVAILABLE 20 ADDITIONAL
SLOTS PER WEEK AT HANEDA. (TEN OF THESE SLOTS WOULD HAVE
TO REMAIN AVAILABLE FOR PAN AMERICAN, ALTHOUGH THEY MIGHT
NOT BE SCHEDULED FOR THE TIME BEING.)

UNDER THE FOREGOING ARRANGEMENT, US AIRLINES AT HANEDA
WOULD HAVE, ACCORDING TO OUR RECORDS, 334 SLOTS AS
FOLLOWS:

PAN AMERICAN 118 (DOWN FROM 128)
NORTHWEST 132
FLYING TIGER 70 (FOOTNOTE 1)
AIR MICRONESIA 14

(FOOTNOTE 1: FLYING TIGER WOULD CONTINUE TO OPERATE THREE
ROUNDTrip EXTRA SECTIONS (SIX SLOTS)AS PREVIOUSLY ARRANGED)

(THE U.S. IS UNABLE TO ACCOUNT FOR THE JAPANESE FIGURE OF
332, INCLUDING FOUR FOR AIR MICRONESIA.)

SLOT LIMITATION

ASSUMING OTHER ASPECTS OF THE US PROPOSAL ARE ACCEPTABLE,
THE US WOULD BE PREPARED TO ACCEPT THAT US SCHEDULED AIR-
LINES WOULD BE LIMITED TO 334 REGULARLY ASSIGNED SLOTS AT
HANEDA UNTIL THE REVISION TALKS ARE CONCLUDED, NARITA IS

OPENED, OR DECEMBER 31, 1978, WHICHEVER OCCURS FIRST.

CAPACITY AND FREQUENCY LIMITATION

THE JAPANESE PROPOSAL THAT THE EFFECT OF THE AGREED MINUTE
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BE SUSPENDED AND THAT INCREASES IN FREQUENCY OR CAPACITY
BY US AIRLINES BE SUBJECT TO PRIOR JAPANESE APPROVAL
PRESENTS SERIOUS DIFFICULTIES. THE US CANNOT AGREE TO ANY
FORMAL SUSPENSION OF THE AGREED MINUTE. HOWEVER, IN AN
EFFORT TO RESPOND TO JAPANESE CONCERNS, THE US WOULD BE
PREPARED TO AGREE THAT, PENDING CONCLUSION OF THE REVISION
TALKS, THE OPENING OF NARITA, OR DECEMBER 31, 1978, WHICH-
EVER OCCURS FIRST, IT WOULD APPLY THE AGREED MINUTE AS
FOLLOWS:

1. US AIRLINES WOULD NOT INCREASE TOTAL REGULARLY
SCHEDULED FREQUENCIES AT TOKYO OR OSAKA ABOVE LEVELS SHOWN
IN THEIR SCHEDULES AS OF APRIL 1, 1977, EXCEPT FOR THE AIR
MICRONESIA SERVICE BETWEEN TOKYO AND SAIPAN AND THE SEVEN
WEEKLY ROUNDTRIP FLIGHTS OF PAN AMERICAN BETWEEN OSAKA
AND HONOLULU.

2. ANY CAPACITY INCREASES BY US AIRLINES AT TOKYO OR
OSAKA WOULD BE CONFINED TO THE SUBSTITUTION OF AIRCRAFT
WITH GREATER CAPACITY (E.G., 747 FOR 707) ON A ONE-FOR-ONE
BASIS, IT BEING UNDERSTOOD THAT WIDE-BODIED AIRCRAFT ARE
CURRENTLY EXCLUDED FROM OSAKA FOR ALL AIRLINES.

3. THE USG WILL CAREFULLY REVIEW ANY CAPACITY INCREASES
FOR US AIRLINES AND FILE ONLY THOSE THAT ARE DETERMINED TO
BE WARRANTED BY DEMAND. SUCH FILINGS WILL BE MADE 60 DAYS
IN ADVANCE OF THE EFFECTIVE DATE.

SLOTS FOR US SUPPLEMENTAL AIRLINES

BECAUSE OF THE US CONCESSION REGARDING A FREEZE ON SLOTS
FOR US SCHEDULED AIRLINES AND THE HELP WHICH THE US HAS
PROVIDED TO JAPAN IN FINDING SLOTS FOR AIR MICRONESIA FROM
ANOTHER US AIRLINE, THE US BELIEVES IT APPROPRIATE THAT
JAPAN FIND A MEANS TO ALLOCATE SLOTS IN SUCH A WAY THAT THE
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US SUPPLEMENTAL AIRLINES HAVE THE ABILITY TO OPERATE THE

70 ANNUAL CHARTERS AUTHORIZED FOR THEM. SPECIFICALLY, WE PROPOSE THAT:

1. US SUPPLEMENTAL AIRLINES BE ALLOWED TO APPLY FOR SLOTS FOR ANTICIPATED PASSENGER CHARTERS SIX MONTHS IN ADVANCE (30 DAYS FOR CARGO CHARTERS). SLOTS WILL BE ASSIGNED AT THAT TIME FROM THE MISCELLANEOUS ALLOTMENT FOR THIS PURPOSE. THIRTY DAYS PRIOR TO PASSENGER FLIGHTS, THE SUPPLEMENTAL AIRLINES MAY BE REQUIRED TO PRESENT FIRM EVIDENCE

THAT THE FLIGHTS ARE FULLY CONTRACTED FOR, FAILING WHICH THE SLOTS WILL BE LOST. THE SUPPLEMENTAL AIRLINES WILL BE PERMITTED TO TRADE SLOTS THROUGH THE SLOT COORDINATOR IN

ORDER TO ACCOMMODATE TO ACTUAL FLIGHT TAKE-OFF AND LANDING TIMES.

2. WHENEVER A US SCHEDULED AIRLINE DOES NOT USE AN ALLOCATED SLOT OR SLOTS AND TURNS IT IN THE SLOT COORDINATOR, US SUPPLEMENTAL AIRLINES WILL BE GIVEN FIRST PRIORITY IN USING THE SLOT (OR TRADING IT TO ACCOMMODATE TO ACTUAL FLIGHT TAKE-OFF AND LANDING TIMES.) HOWEVER, THIS SYSTEM WOULD NOT RELIEVE JAPAN OF THE UNDERTAKINGS IN PARAGRAPH 1 ABOVE. END QUOTE.

2. JAPANESE EMBOFFS SAID THEY WOULD REFER PROPOSAL TO TOKYO. WE ASKED FOR AN EARLY RESPONSE, INDICATING WE COULD THEN JUDGE WHETHER AN EARLY ACROSS-TABLE MEETING WOULD BE DESIRABLE IN TOKYO OR ELSEWHERE.
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